

Brambles Finance plc

**Annual report and financial statements
for the year ended 30 June 2016**



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Contents

	Pages
Strategic Report	1
Directors' Report	2 and 3
Independent auditors' report to the members of Brambles Finance plc	4 and 5
Income statement	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 to 25

Strategic Report for the year ended 30 June 2016

The directors present their Strategic Report of Brambles Finance plc ("the Company") for the year ended 30 June 2016.

Review of the business

The principal activity of the Company is to provide finance to the Brambles Group.

Throughout the year the Company has continued to borrow externally and make loans to businesses within the Brambles Group. The Company is expected to continue this activity for the foreseeable future.

The Company is a wholly owned subsidiary of the Brambles Group. The Brambles Group is a global group comprising Brambles Limited, a company incorporated in Australia and listed on the Australian Securities Exchange, and all its subsidiary undertakings. The Brambles Group is headquartered in Sydney, Australia.

During the year the Company transitioned from UK GAAP to FRS 101 - *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Brambles Holdings Unlimited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

Key performance indicators

The Company is a group treasury company and does not trade. The directors consider key performance indicators for the Company to be neither relevant nor appropriate for an understanding of the development, performance or position of the business of the Company. The Brambles KPIs, which explain Group performance as a whole, are disclosed in the Brambles Limited Annual Report 2016.

Results

The results for the year are set out in the income statement on page 6.

Financial position

The net assets of the Company have increased by €23,340,343 from €77,770,227 at 30 June 2015 to €101,110,570 at 30 June 2016.

The directors consider the Company is in a strong and stable financial position to continue its current operations.

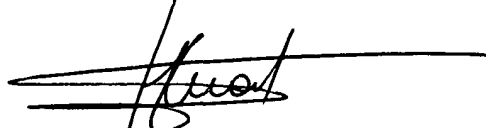
Policy regarding payment of trade creditors

The Company adheres to the Brambles Group policy to abide by terms of payment agreed with suppliers. In many cases, the terms of payment are as stated in the suppliers' own literature. In other cases, the terms of payment are determined by specific written or oral agreement. Brambles does not follow any published code or standard on payment practice. The Company had no external suppliers during the current or preceding years.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company and the Brambles Group are described in the Brambles Limited Annual Report 2016 pages 4 and 5.

On behalf of the Board



P Muart
Director
15 December 2016

Directors' Report for the year ended 30 June 2016

The directors present their Report and the audited financial statements of the Company for the year ended 30 June 2016.

Future developments

The Company is expected to continue in its role as a group finance company with no significant changes for the foreseeable future.

Dividends

The Company did not pay an interim dividend during the year (2015: nil). The directors do not recommend the payment of a final dividend (2015: nil).

Financial risk management

The Company is exposed to a variety of financial and market based risks, including exposure to fluctuating interest and exchange rates. Standard financial derivatives are used to manage financial exposures in the normal course of business in accordance with Brambles Group policies. Dealings in financial derivatives are restricted by Group approved delegated authorities. No derivatives are used for speculative purposes. Derivatives are transacted predominantly with relationship banks, with individual credit limits assigned to those banks thereby limiting exposure to credit-related losses in the event of non-performance by a counterparty.

Funding and liquidity

The Company's role within the Group is to provide funds for operations, primarily from external borrowings, principally from bank credit facilities. The credit facilities are generally structured on a committed multi-currency revolving basis with maturities ranging out to December 2016. Borrowings under the facilities are floating rate, unsecured obligations with covenants and undertakings typical for these types of arrangements. To minimise foreign exchange risks borrowings are arranged in the currency of the relevant operating asset to be funded.

Interest rate risk

The Group's interest rate risk policy is designed to reduce volatility in funding costs through prudent selection of hedging instruments. This policy comprises maintaining a mix of fixed and floating rate instruments within a target band over a certain time horizon.

Foreign exchange risk

The Group's foreign exchange exposures are managed from the perspective of protecting shareholder value. Under the Group foreign exchange policy, foreign exchange hedging is mainly confined to hedging transaction exposures where they exceed a certain threshold, and as soon as a defined exposure arises. New exposures may arise with external parties or by way of cross-border inter-company transactions. Forward foreign exchange contracts are primarily used for these purposes.

Directors

The directors of the Company who were in office during the year and up to the date of the signing of the financial statements were:

P Bruford
P Huart
R A Warren

Qualifying third-party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Brambles Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its directors.

Post balance sheet events

No material events occurred after the year end date of 30 June 2016 and before the signing of the Company's financial statements.

Directors' Report for the year ended 30 June 2016 (continued)

Going Concern

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 25 of the 2016 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2019. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

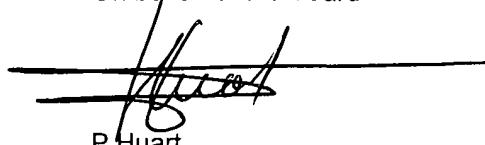
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions; if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



P Huat
Director

15 December 2016

Registered office: Unit 2 Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP

Independent auditors' report to the members of Brambles Finance plc

Report on the financial statements

Our opinion

In our opinion, Brambles Finance plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 30 June 2016;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Brambles Finance plc (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

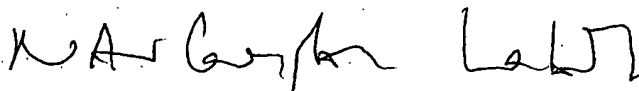
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Campbell-Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 December 2016

(All amounts are in € unless otherwise stated)

Income statement for the year ended 30 June 2016

	Note	2016	2015
Administrative expenses		(145,007)	(179,686)
Other income/(expense)		106,462	(126,090)
Operating loss	5	(38,545)	(305,776)
Loss on ordinary activities before interest and taxation		(38,545)	(305,776)
Finance income	7	82,540,642	74,383,535
Finance costs	7	(53,237,321)	(44,314,330)
Finance income – net	7	29,303,321	30,069,205
Profit on ordinary activities before taxation		29,264,776	29,763,429
Tax on profit on ordinary activities	8	(5,924,433)	(6,628,135)
Profit for the financial year		23,340,343	23,135,294

(All amounts are in € unless otherwise stated)

Statement of comprehensive income for the year ended 30 June 2016

	2016	2015
Profit for the financial year	23,340,343	23,135,294
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	23,340,343	23,135,294

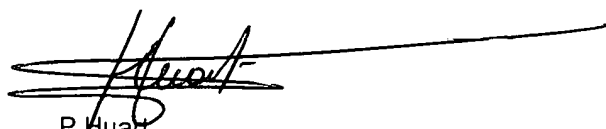
(All amounts are in € unless otherwise stated)

Statement of financial position as at 30 June 2016

	Note	2016	2015
Current assets			
Trade and other receivables	9	2,072,126,795	2,536,778,047
		2,072,126,795	2,536,778,047
Creditors: amounts falling due within one year	10	(1,274,619,866)	(1,634,074,229)
Net current assets		797,506,929	902,703,818
Total assets less current liabilities		797,506,929	902,703,818
Creditors: amounts falling due after more than one year	11	(696,396,359)	(824,933,591)
Net assets		101,110,570	77,770,227
Equity			
Ordinary shares	13	57,186	57,186
Retained earnings		101,053,384	77,713,041
Total shareholders' funds		101,110,570	77,770,227

The notes on pages 10 to 25 are an integral part of these financial statements.

The financial statements on pages 6 to 25 were approved for issue by the Board of directors on 15 December 2016 and were signed on its behalf.


P. Huat
Director

Brambles Finance plc
Year ended 30 June 2016

(All amounts are in € unless otherwise stated)

Statement of changes in equity for the year ended 30 June 2016

	Called-up share capital	Retained earnings	Total shareholders' funds
Balance as at 1 July 2014	57,186	54,577,747	54,634,933
Effect of changes in accounting policies	-	-	-
Balance as at 1 July 2014	57,186	54,577,747	54,634,933
Profit for the financial year	-	23,135,294	23,135,294
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,135,294	23,135,294
Proceeds from shares issued	-	-	-
Dividends	-	-	-
Total transactions with owners recognised directly in equity	-	-	-
Balance as at 30 June 2015	57,186	77,713,041	77,770,227
Balance at 1 July 2015	57,186	77,713,041	77,770,227
Profit for the financial year	-	23,340,343	23,340,343
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,340,343	23,340,343
Proceeds from shares issued	-	-	-
Dividends	-	-	-
Total transactions with owners recognised directly in equity	-	-	-
Balance as at 30 June 2016	57,186	101,053,384	101,110,570

Notes to the financial statements for the year ended 30 June 2016

1 General information

Brambles Finance plc ("the Company") provides finance to the Brambles Group.

The Company is a wholly owned subsidiary of the Brambles Group. The Brambles Group is a global group comprising Brambles Limited, a company incorporated in Australia and listed on the Australian Securities Exchange, and all its subsidiary undertakings. The Brambles Group is headquartered in Sydney, Australia.

The Company is a public limited company and is incorporated and domiciled in the UK. The address of its registered office is Unit 2 Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP.

Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101, '*Reduced Disclosure Framework*' ("FRS 101"). The Company meets the definition of a qualifying entity under FRS 100, '*Application of Financial Reporting Requirements*' as issued by the Financial Reporting Council.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 July 2014. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see Note 18.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes to the financial statements for the year ended 30 June 2016 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

As permitted by FRS 101, in the preparation of these financial statements the Company has (where relevant) taken full advantage of the disclosure exemptions from the requirements of IFRS in relation to the following:

- share-based payments;
- business combinations;
- non-current assets held for sale and discontinued operations;
- financial Instruments;
- fair value measurement;
- presentation of comparative information in respect of certain assets;
- presentation of a cash flow statement
- a statement of financial position as at the beginning of the preceding period;
- capital management
- standards not yet effective
- related party transactions; and
- impairment of assets.

Where required, equivalent disclosures are given in the consolidated financial statements of Brambles Limited.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2016, have had a material impact on the Company other than transition to FRS 101 as disclosed in Note 18.

Going concern

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 25 of the 2016 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2020. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.2 Separate financial statements

These financial statements are separate financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in euro (€), which is also the Company's functional currency.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Other income/(expense).'

2.4 Financial assets

2.4.1 Classification

The Company classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise receivables and cash in the balance sheet.

2.4.2 Recognition and measurement

Financial assets are recognised on balance sheet when the Company becomes a party to the contractual provisions of the instrument. Derecognition takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party

Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs; financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

2.5 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the financial statements for the year ended 30 June 2016 (continued)

2 Summary of significant accounting policies (continued)

2.6 Derivative financial instruments and hedging activities

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*

2 Summary of significant accounting policies (continued)

2.11 Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.13 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Critical accounting estimates and judgments
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Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements in applying the Company's accounting policies

There are no critical judgements used in applying the Company's accounting policies which could change in the next year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

4 Financial instruments

The Company enters into forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas fellow group undertakings. These forward foreign exchange contracts provide an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in the income statement. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading (at fair value through profit and loss). The fair value of these contracts at 30 June 2016 was a liability of €1,325,361 (2015: asset €224,805).

5 Operating loss

Operating loss is stated after charging:

	2016	2015
Foreign exchange (gains)/losses	<u>(106,462)</u>	<u>126,090</u>

The audit fees for the Company of €2,000 (2015: €2,000) have been borne by Brambles Holdings (UK) Limited, a fellow group undertaking, during the current and preceding years.

6 Employees and directors

Employees

The Company had no employees during the year (2015: none). All administrative duties are performed by employees of Brambles Holdings (UK) Limited and Brambles Industries Limited (an Australian company), at no cost to the Company.

Directors

None of the directors received any emoluments or any other benefits as described in Schedule 5 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the Company during the year (2015: nil). All of the directors receive remuneration from Brambles Holdings (UK) Limited or Brambles Industries Limited (Australia) as employees of those companies and, due to the non-executive nature of their services, it is not appropriate to make an apportionment of their emoluments in respect of the Company.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

7 Interest income and expense

Finance income

	2016	2015
Interest income on loans to fellow group undertakings	82,540,642	74,327,472
Total interest income on financial assets not measured at fair value through profit and loss	82,540,642	74,327,472
Gains on derivative financial instruments	-	56,063
Total finance income	82,540,642	74,383,535

Finance expense

	2016	2015
Bank borrowings	(16,039,626)	(13,713,848)
Loan notes	(23,759,443)	(23,743,202)
Interest expense on loans from fellow group undertakings	(13,314,703)	(6,857,280)
Total interest expense on financial liabilities not measured at fair value through profit and loss	(53,113,772)	(44,314,330)
Losses on derivative financial instruments	(123,549)	-
Total finance expense	(53,237,321)	(44,314,330)

Net finance income

	2016	2015
Interest income	82,540,642	74,383,535
Interest expense	(53,237,321)	(44,314,330)
Net finance income	29,303,321	30,069,205

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in € unless otherwise stated)

8 Tax on profit on ordinary activities

Tax expense included in profit or loss

	2016	2015
Current tax:		
– UK Corporation tax on profits for the year	(5,852,955)	(6,175,911)
– Adjustments in respect of prior years	(71,478)	(452,224)
Total current tax	(5,924,433)	(6,628,135)
Tax on profit on ordinary activities	(5,924,433)	(6,628,135)

Tax expense for the year is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 30 June 2016 of 20% (2015: 20.75%). The differences are explained below:

	2016	2015
Profit on ordinary activities before tax	29,264,776	29,763,429
Profit multiplied by the standard rate of tax in the UK of 20% (2015: 20.75%):	(5,852,955)	(6,175,911)
Effects of:		
– Adjustments in respect of prior years	(71,478)	(452,224)
Total tax charge	(5,924,433)	(6,628,135)

The tax rate for the current year is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were enacted as part of the Finance (No 2) Act 2015 on 18 November 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

9 Trade and other receivables

	2016	2015
Amounts due from group undertakings		
- falling due within one year	-	-
- falling due after more than one year	2,071,552,676	2,535,853,329
Derivative financial instruments	-	224,805
Prepayments and accrued income	574,119	699,913
	2,072,126,795	2,536,778,047

Amounts due from group undertakings

As part of its activities as a treasury company for the Brambles Group, the Company makes loans to fellow group undertakings, mainly in Europe, Middle East and Africa. All intra-group loans made by the Company as lender comprise unsecured committed revolving loan facilities. All loans carried interest during FY 2016 at Brambles' cost of funds plus a margin of either 1.3% or 2.0% up to 30 September 2015, and a margin of either 1.0% or 2.2% thereafter.

During June 2015, all intra group loan agreements were amended to change the relevant interest margins from 1.3% to 1.0% or 2.0% to 2.2%, respectively, with effect from 30 September 2015, and to extend the loan term from 30 September 2015 to 30 September 2018.

10 Creditors: amounts falling due within one year

	2016	2015
Bank loans and overdrafts (Note 12)	6,395,384	4,118,385
Amounts due to group undertakings – borrowings (Note 12)	497,078,569	457,027,453
Amounts due to group undertakings - deposits	753,555,330	1,157,450,207
Corporate income tax – group relief payable	11,711,920	10,243,528
Derivative financial instruments	1,325,361	-
Accruals and deferred income	4,553,302	5,252,852
	1,274,619,866	1,634,074,229

Amounts owed to group undertakings - deposits

As part of its activities as a treasury company for the Brambles Group, the Company receives deposits from fellow group undertakings, mainly in Europe, Middle East and Africa. All intra-group deposits received by the Company are unsecured with no fixed date for repayment, but are repayable on demand. Deposits carry interest at the relevant local jurisdiction interbank interest rate (e.g. LIBOR or EURIBOR) applicable to each depositor, less 0.125%. An interest rate floor of 0% was applicable until 30 September 2015, increasing to 0.125% thereafter.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

11 Creditors: amounts falling due after more than one year

	2016	2015
Bank loans (Note 12)	197,588,858	326,766,782
Loan note (Note 12)	498,807,501	498,166,809
	696,396,359	824,933,591

12 Loans and other borrowings

	2016	2015
Bank loans and overdrafts (Note 10)	6,395,384	4,118,385
Amounts owed to group undertakings – borrowings (Note 10)	497,078,569	457,027,453
Bank loans (Note 11)	197,588,858	326,766,782
Loan note (Note 11)	498,807,501	498,166,809
	1,199,870,312	1,286,079,429

Amounts owed to group undertakings - borrowings

The intra-group loans to the Company as borrower comprises an unsecured committed revolving loan facility from Brambles Finance Limited, a fellow group undertaking incorporated in Australia. The facility is for EUR 500,000,000 under an agreement dated 30 March 2015, and carried interest during FY 2016 at Brambles' cost of funds plus a margin of 0.125%. The loan term is to 30 September 2018.

Bank loans

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 25 of the 2016 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2020. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

Drawings at 30 June 2016 comprise:

	2016	2015
Less than 1 year	1,907,042	-
1 to 2 years	65,680,912	56,067,315
2 to 3 years	-	23,830,668
3 to 4 years	92,000,000	-
4 to 5 years	39,907,945	246,868,799
Over 5 years	-	-
	199,495,899	326,766,782

The weighted average interest rate on floating rate bank loans during the year ended 30 June 2016 was 1.59% (2015: 1.38%).

Loan note

The loan note comprises unsecured non-instalment debt. The loan note bears interest at a fixed coupon of 4.625% and has a maturity date of 20 April 2018.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

13 Share capital

Ordinary shares of €1.1323746 each

	No.	€
Allotted and fully paid		
At 1 July 2015	50,500	57,186
Issued during the year	-	-
At 30 June 2016	50,500	57,186

All shares rank *pari passu* in all respects.

14 Contingent liabilities

The Company, in conjunction with certain companies within the Brambles Group in the United Kingdom, is party to a composite guarantee structure with a clearing bank for set-off arrangements to a net maximum of £18,000,000 (2015: £18,000,000).

The Company and certain of its fellow group undertakings are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain group undertakings. Total facilities available amount to US\$1,875.5 million (2015: US\$1,791.8 million), of which US\$346.9 million (2015: US\$878.6 million) has been drawn.

The Company and certain of its fellow group undertakings are parties to guarantees which support:

- US Private Placement borrowings of US\$116.5 million (2015: US\$171.5 million) by a group undertaking;
- notes of US\$1,000.0 million (2015: US\$500.0 million) issued by a group undertaking to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act; and
- notes of €500.0 million (2015: €500.0 million) issued by a group undertaking in the European bond market.

15 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of Brambles Limited.

See Note 6 for disclosure of the directors' remuneration.

There are no other related party transactions.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in € unless otherwise stated)

16 Controlling parties

The immediate parent undertaking is Brambles Holdings Unlimited, which is incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Brambles Limited, which is incorporated in Australia. Copies of all Brambles Group financial statements are available from Unit 2 Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP.

The ultimate controlling party is Brambles Limited.

17 Events after the end of the reporting period
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No material events occurred after the year end date of 30 June 2016 and before the signing of the Company's financial statements.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in € unless otherwise stated)

18 Transition to FRS 101

For all periods up to and including the year ended 30 June 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 July 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other adjustments required for the first-time adoption of FRS 101. This note explains the principal adjustments made by the Company in restating its balance sheet as at 1 July 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 30 June 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "*First time adoption of International Financial Reporting Standards*".

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for June 2015 year ends retrospectively. There are no exemptions relevant to the Company.

Notes to the financial statements for the year ended 30 June 2016 (continued)

(All amounts are in € unless otherwise stated)

18 Transition to FRS 101 (continued)

Reconciliation of equity as at 1 July 2014

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Current assets				
Trade and other receivables	a	1,631,566,206	(132,072)	1,631,434,134
Cash and cash equivalents		5,255,469	-	5,255,469
		1,636,821,675	(132,072)	1,636,689,603
Creditors: amounts falling due within one year	a	(1,084,467,063)	(32,318)	(1,084,499,381)
Net current assets		552,354,612	(164,390)	552,190,222
Total assets less current liabilities		552,354,612	(164,390)	552,190,222
Creditors: amounts falling due after more than one year		(497,555,289)	-	(497,555,289)
Net assets		54,799,323	(164,390)	54,634,933
Equity				
Ordinary shares		57,186	-	57,186
Retained earnings		54,742,137	(164,390)	54,577,747
Total shareholders' funds		54,799,323	(164,390)	54,634,933

See Notes on page 25.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in € unless otherwise stated)

18 Transition to FRS 101 (continued)

Reconciliation of equity as at 30 June 2015

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Current assets				
Trade and other receivables	a	2,537,001,706	(223,659)	2,536,778,047
Cash and cash equivalents		-	-	-
		2,537,001,706	(223,659)	2,536,778,047
Creditors: amounts falling due within one year	a	(1,634,136,944)	62,715	(1,634,074,229)
Net current assets		902,864,762	(160,944)	902,703,818
Total assets less current liabilities		902,864,762	(160,944)	902,703,818
Creditors: amounts falling due after more than one year		(824,933,591)	-	(824,933,591)
Net assets		77,931,171	(160,944)	77,770,227
Equity				
Ordinary shares		57,186	-	57,186
Retained earnings		77,873,985	(160,944)	77,713,041
Total shareholders' funds		77,931,171	(160,944)	77,770,227

See Notes on page 25.

Notes to the financial statements for the year ended 30 June 2016 (continued)

(All amounts are in € unless otherwise stated)

18 Transition to FRS 101 (continued)

Reconciliation of income statement for the year ended 30 June 2015

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Administrative expenses		(179,686)	-	(179,686)
Other expense	b	-	(126,090)	(126,090)
Operating profit		(179,686)	(126,090)	(305,776)
Profit on ordinary activities before interest and taxation		(179,686)	(126,090)	(305,776)
Finance income		74,327,472	56,063	74,383,535
Finance costs		(44,388,705)	74,375	(44,314,330)
Finance income – net	a, b	29,938,767	130,438	30,069,205
Profit on ordinary activities before taxation		29,759,081	4,348	29,763,429
Tax on profit on ordinary activities		(6,627,233)	(902)	(6,628,135)
Profit for the financial year		23,131,848	3,446	23,135,294

Notes:

a. Forward foreign exchange contracts

Under UK GAAP, the Company's forward foreign exchange contracts were not revalued at the balance sheet date. Under FRS 101, forward foreign exchange contracts are revalued to spot rate and the resulting difference from the closing forward exchange rate is recognised as a gain or loss in the income statement as part of net finance income or expense, with a corresponding asset or liability in the balance sheet.

b. Exchange gains/(losses) on operating expenses

Certain exchange gains and losses arising in respect of operating expenses have been reclassified from net finance income to other expenses.